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| APPLICATION NO.                                                                                                   | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
|-------------------------------------------------------------------------------------------------------------------|-------------|----------------------|---------------------|------------------|
| 09/607,891                                                                                                        | 06/30/2000  | Garnet G. Morris     | 55711/0002          | 1214             |
| 31013                                                                                                             | 7590        | 11/07/2003           | EXAMINER            |                  |
| KRAMER LEVIN NAFTALIS & FRANKEL LLP<br>INTELLECTUAL PROPERTY DEPARTMENT<br>919 THIRD AVENUE<br>NEW YORK, NY 10022 |             |                      | DASS, HARISH T      |                  |
|                                                                                                                   |             |                      | ART UNIT            | PAPER NUMBER     |
|                                                                                                                   |             |                      | 3628                |                  |

DATE MAILED: 11/07/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

|                              |                        |                     |  |
|------------------------------|------------------------|---------------------|--|
| <b>Office Action Summary</b> | <b>Application No.</b> | <b>Applicant(s)</b> |  |
|                              | 09/607,891             | MORRIS ET AL.       |  |
|                              | <b>Examiner</b>        | <b>Art Unit</b>     |  |
|                              | Harish T Dass          | 3628                |  |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

1) Responsive to communication(s) filed on 30 June 2000.

2a) This action is FINAL.                  2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

4) Claim(s) 1-20 is/are pending in the application.

4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.

5) Claim(s) \_\_\_\_\_ is/are allowed.

6) Claim(s) 1-20 is/are rejected.

7) Claim(s) \_\_\_\_\_ is/are objected to.

8) Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on \_\_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

11) The proposed drawing correction filed on \_\_\_\_\_ is: a) approved b) disapproved by the Examiner.

If approved, corrected drawings are required in reply to this Office action.

12) The oath or declaration is objected to by the Examiner.

#### Priority under 35 U.S.C. §§ 119 and 120

13) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some \* c) None of:

1. Certified copies of the priority documents have been received.

2. Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.

3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

14) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).

a) The translation of the foreign language provisional application has been received.

15) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

#### Attachment(s)

|                                                                                                              |                                                                              |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)                                  | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). _____ . |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                         | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)  |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) <u>4</u> . | 6) <input type="checkbox"/> Other: _____ .                                   |

## DETAILED ACTION

### ***Claim Rejections - 35 USC § 112***

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claim 1-6 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Where applicant acts as his or her own lexicographer to specifically define a term of a claim contrary to its ordinary meaning, the written description must clearly redefine the claim term and set forth the uncommon definition so as to put one reasonably skilled in the art on notice that the applicant intended to so redefine that claim term. *Process Control Corp. v. HydReclaim Corp.*, 190 F.3d 1350, 1357, 52 USPQ2d 1029, 1033 (Fed. Cir. 1999). The term RCA in claim 1 is used by the claim to mean "retirement compensation arrangement", while the accepted meaning is "name of an electronic company RCA." The term is indefinite because the specification does not clearly redefine the term.

### ***Claim Rejections - 35 USC § 101***

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-6 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter, particularly, an abstract idea.

The Examiner notes that the disclosed invention is within the technological arts. The claimed invention is also noted not to be a computer program, data structure, a natural phenomenon, a non-descriptive material per se. The claimed invention does not include a series of steps to be performed by a computer. The claimed invention also is not a product for performing a process, nor is it a specific machine or manufacture. The claimed invention is not a specific tangible machine or process for facilitating a business transaction. Claims 1-6 do not appear to correspond to a specific machine or manufacture disclosed within the instant specification and thus encompass any product of the class configured in any manner to perform the underlying process. Claims 1-6 do not appear to correspond to a specific machine or manufacture, and thus encompass any product of the class configured in any manner to perform the underlying process.

The claimed invention of claim s 1-6 also do not include a post-computer process activity or a pre-computer process activity. Thus, no physical transformation is performed, no practical application in the technological art is found. Consequently, claims 1-6 are analyzed based upon the underlying process, and are thus rejected as being directed to a non-statutory process.

See State Street Bank & Trust Co. V. Signature Financial Group Inc., 47 USPQ2d 1597 (Fed. Cir. 1998) where the Federal Circuit held that: " [T]he transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical

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algorithm, formula, or calculation, because it provides "a useful, concrete and tangible result".

***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-2, 6-14, 16-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Galaty et al (hereinafter Galaty – “Modern Real Estate Practice”, Fifth Edition, 2000) in view of Kennedy (Kennedy - Pensions; Executive Retirement Key Considerations in Designing Retirement Programs”, Update of 1995; see IDS).

Re. Claim 1, 7-14, 16-19, Galaty discloses aggregating a plurality (pool) of loans, and creating a plurality of debt securities backed by the plurality of loans, and selling the plurality of debt securities in an offering, and comprising an additional service provider connected to the custodian, the additional service provider including one of a liquidity provider, an advance provider and a servicer, comprising a master trustee connected to the custodian, the master trustee being legally authorized to seek monies refunded from a refundable tax account of a respective one of the plurality of RCA loans, a principal and interest account connected to the custodian. [see all selected pages, particularly

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Page 227]. Galaty, explicitly, does not disclose RCA loans and computer readable program code, computer coupled to the communication link (an Internet network link, a proprietary dial-up network link, a local area network link, a wide area network link, an optical fiber network link and a wireless network link) are well known. However, Kennedy discloses this RCA. Further, computer readable program code, computer coupled to the communication link (an Internet network link, a proprietary dial-up network link, a local area network link, a wide area network link, an optical fiber network link and a wireless network link) are well known. It would have been obvious to one of ordinary skill in the art of loans (computer based mortgage loan system, etc.) systems to combine Galaty and Kennedy to provide funding and lending backed to company and benefiting from the lower tax, and/or adjustable rate and/or reverse-annuity mortgage [page 142, 230, 233].

Re. Claims 2 & 9, Galaty discloses wherein the offering is one of a private offering and a public offering (common stocks and secondary market for mortgage loans) [page 227].

Re. Claim 6, Galaty discloses wherein each of the plurality of RCA loans is secured by an insurance policy and each of the plurality of debt securities provides an investment in a claims-paying ability of each insurance company issuing the insurance policy [pages 142-143].

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Claims 3-5, 15, & 20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Galaty, Kennedy as applied to claim 1 above, and further in view of Hymer.

Re. Claim 3, Kennedy discloses a distribution from a first party to a RCA account and to a refundable tax account, an amount of the distribution being equally divided between the RCA account and the refundable tax account, and an insurance policy owned by the RCA account and having a cash surrender value at least as great as the amount of the distribution to the RCA account. Neither, Galaty nor Kennedy, clearly, disclose a first loan from a lending party to the RCA account, the first loan having a value equal to a predetermined percentage of the distribution, the first loan being secured by the insurance policy and a right to movies recovered from the refundable tax account, and a second loan from the RCA account to an intermediary party, the second loan having a value substantially equal to the value of the first loan, and a third loan from the intermediary party to the first party, the third loan having a value substantially equal to the value of the first loan. However, Hymer discloses this step. It would have been obvious to one of ordinary skill in the art of loans (mortgage loan, etc.) systems to combine Galaty, Kennedy, and Hymer to pay off second loan earlier to benefit from not paying higher interest [Hymer].

Re. Claims, 4-5, Galaty discloses universal life insurance [page 143]. Neither Galaty nor Kennedy or Hymer, explicitly, disclose wherein the universal life insurance policy includes a first cash surrender value and a second cash surrender value greater than

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the first cash surrender value, wherein upon a default condition of a respective one of the plurality of RCA loans, the second cash surrender value is used to offset a negative carry condition. However, this step is well known prior art (for example, PMI (private mortgage insurance) just does the same thing). It would have been obvious to one of ordinary skill in the art of loans (mortgage loan, etc.) systems to combine disclosures of Galaty, Kennedy, and Hymer to, a known, flexible insurance (universal life insurance) to pay the lender in event the loan is not paid.

Further, the system claims 7-20 would be obvious to practice the above process.

### ***Conclusion***

4. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Applicant is required under 37 CFR ' 1.111 (c) to consider the references fully when responding to this action.

*US Pat. 6,473,737 to Burke, Oct. 29, 2002 "System, method and apparatus for providing an executive compensation system", this disclosure provides a system, method and apparatus for providing an executive compensation system having a first entity, a money lender, and an insurer. The first entity receives a taxable sum of money from a second entity, which owes the taxable sum of money to a person. The first entity provides one or more periodic payments to the person until the person dies, wherein the one or more periodic*

*payments determined from the taxable sum of money and the person's life expectancy.*

*US Pat. 5,966,693 to Burgess, Oct. 12, 1999 "Method For Combining Loan With Key Employee Life Insurance", this envention discloses a data representing the terms of insurance agreement and loan agreement of employees are stored in a memory which are processed to equate the sum of the contribution of the employer and employee with a particular loan principal. The contribution levels of the employer and employee are adjusted to determine actual payments such that it is sufficient to support split dollar insurance policy.*

*US Pat. 5,946,667 to Tull, Jr. et al, Aug. 31, 1999 "Data processing system and method for financial debt instruments", this invention discloses A data processing system and method is disclosed for implementing and control of a financial debt instrument which is issued for a limited period of time and is traded as a listed security. The debt instrument is based on an underlying basket of stocks optimally selected to track an established capital market and its price also reflects accrued investment income and maintenance expenses.*

*US Pat. 5,878,405 to Grant et al, Mar. 2, 1999 "Pension planning and liquidity management system", this invention discloses relates to the liquidity and related planning systems for pensionbased assets, and specifically to processes used for pension-based participant decision making and subsequent actions with respect to loans, retirement disbursements, and contribution rates.*

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*US Pat. 6,012,047 to Mazonas et al, Jan 4, 2000 "Reverse Mortgage Processing System", the present invention generally relates to systems for processing a plurality of individual accounts directed to mortgage analysis and management. More particularly, the present invention relates to a data processing system designed to evaluate select inputs corresponding to one or plural mortgage accounts, develop a profile of operating characteristics for originating a reverse equity mortgage instrument and managing a plurality of structured accounts in accordance with the specifics of the selectively established mortgage characteristics.*

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Harish T Dass whose telephone number is 703-305-4694. The examiner can normally be reached on 8:00 AM to 4:50 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S Sough can be reached on 703-308-0505. The fax phone number for the organization where this application or proceeding is assigned is (703) 872-9306.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

Harish T Dass *H T D*  
Examiner  
Art Unit 3628

*[Handwritten Signature]*  
HYUNG SOUGH  
SUPERVISORY PATENT EXAMINER  
TECHNOLOGY CENTER 3600